



**STATEMENT IN SUPPORT OF**  
**Senate Bill 883: *An Act Establishing Tax Credits for Angel Investors***

**Commerce Committee**  
**February 17<sup>th</sup>, 2008**

The MetroHartford Alliance is Hartford's Chamber of Commerce and the region's economic development leader. Our investors include businesses of all sizes, health care providers, institutions of higher education, and 34 municipalities. The Alliance's mission is to ensure that the Hartford Region competes aggressively and successfully for jobs, talent and capital so that it thrives as one of the country's premier places for all people to live, work, play, and raise a family.

One of the key components of our four-year strategic plan is to improve the climate for small businesses and entrepreneurs. Much of the assistance that is currently provided includes counseling services, business plan preparation, protecting intellectual property rights, and administrative support. This is absolutely necessary. However, experience has taught us that nothing happens without access to early stage capital. The proposed angel investor tax credit program would increase the pool of investment capital available to small business start-ups and entrepreneurs with fewer than 25 employees, companies for whom this type of support is critical to their ultimate success.

Connecticut is fortunate to have some of the highest net worth residents in the nation that have the capacity to make this type of investment. Generally speaking they are also successful business men and women that have the expertise and experience to analyze, supervise and mentor those new businesses as they mature. They are also in a position to make timely decisions and fund quickly. In a new venture business cycle, it is essential to bring the product to market in an expeditious manner, and this direct assistance can help define the overall scope of success.

Currently, each of Connecticut's bordering states offers some level of investor tax credits. In fact, New York's credit is currently at 25%, Rhode Island is at 50%, and Maine is at 60%. Last year alone, nearly 13,500 businesses filed for closure in Connecticut – a record number since these filings were first recorded in 2000, and 18% more than 2007. Additionally, the Secretary of the State's office cites a record low number of new businesses starting in the same time period. Investors will clearly choose to invest in one of our neighboring states where this credit exists, further placing us at a distinct competitive disadvantage at a time when we need to attract jobs, capital and talent more than ever.

The MetroHartford Alliance strongly urges your support and passage of Senate Bill 883 to make available the capital that is critical to the creation of small business in Connecticut.